

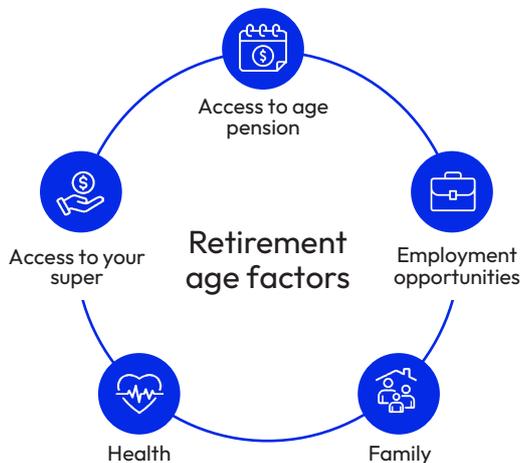
What will my retirement look like?

While there's no hard or fast rule as to when you should retire, there are a few things to consider when planning to do so.



We're living longer, so potentially you'll need more money to see you through than you may have originally anticipated.

The age you choose to retire at may depend on when you can access your super and the Age Pension. Factors like your employment opportunities, your health and your family, may also impact your decision.



How can you fund your retirement?

A common expectation is that when we hit retirement age, the super we've saved during the accumulation phase will be enough to hit a desired figure and enough to see us through our retirement years.

However, there's likely to be a variety of factors that make up your income for retirement. Sources include your superannuation, shares, assets, any savings you've accumulated, the Government's Age Pension, perhaps an inheritance and returns you earn on your investments during retirement.

How do you boost your super and retirement savings?

Superannuation is one of the most tax-effective forms of long-term savings both on the way in and on the way out.

Consider the following to help you save for retirement:

- Find lost super
- Additional contributions
- Superannuation and downsizing
- Government co-contributions for lower income earners
- Spouse contributions
- Reviewing your investment strategy.

Checklist

- What do you want in retirement?
- How much might be enough for a modest or comfortable retirement?
- When will you retire?
- How long will you spend in retirement?
- What sources of income might you have access to?
- How long will you be able to maintain your health?
- How are your assets invested?
- How do you know if you're on track?

Transitioning to retirement

Whether you choose to gradually wind down your working week or take the plunge into full-time retirement, one of the key challenges faced by many new retirees is the need to fill each day productively.

Considering a transition to retirement (TTR) may be an option for you.

A TTR pension strategy provides you with the ability to receive an income stream from your super without having to give up work entirely, so you can reduce your working hours.

The most popular strategy is an 'income swap' strategy. This generally suits pre-retirees hoping to ramp up their super savings ahead of full-time retirement. In practice, it involves making additional super contributions via salary sacrifice (or personal contributions if self employed), while making up the difference in take home pay with payments from a TTR pension.

Just because you may be winding down your work doesn't mean you can't contribute money to your super.

If you're still working, your employer can make superannuation guarantee (SG) contributions to your super account.

Accessing your super

When drawing down on your super, some important considerations include managing your spending and income, as well as timing of your withdrawals.

Lump sum super withdrawals are tax-free from the age of 60.

Depending on what you do with the lump sum after you draw down may impact your eligibility for the Age Pension. You may wish to consider using your super as a pension.

Aged care considerations

While your health may influence when you retire and your life expectancy, it can also have a major impact on your finances in retirement. As you age, you may find medical bills comprise a growing part of your household expenses.

Considerations for aged care in retirement include:

- The cost of an aged care facility.
- How you'll pay for accommodation costs.
- If there is a basic daily fee.

Who gets your super when you die?

To ensure you can help contribute to your loved ones' future, it's a good idea to think about who you'd like to leave your super to, in the case of your death.

It's important you deal with nominating your beneficiaries properly for things to go the way you intend.

Many super funds offer life insurance which can be adjusted according to your needs. If you hold life insurance outside of your super, a lump sum will be paid to any nominated beneficiaries upon your passing.

You should also consider estate planning. An estate plan includes your Will and other key documents that detail how you would like your assets distributed after your death.

Other tools and resources include ASIC's MoneySmart website for information on whether you should put extra money into your mortgage or super and for their super and pension age calculator.

And the Australian Taxation Office is a good source of information about Self Managed Super Funds (SMSFs).

Further information

For further information please contact Alex Kiss on 0409 809 198 or alex.kiss@finvisory.com.au.

Sources:

BT, Retirement guide, 1 July 2024.

ASFA Retirement Standard Summary 2024.

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